

Message Text

CONFIDENTIAL

PAGE 01 PRETOR 03835 240942Z

11

ACTION AF-18

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 PA-04 PRS-01 USIA-15 SCEM-02 INT-08 NEA-10

DRC-01 /179 W

----- 062057

R 240904Z OCT 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 8796

INFO AMCONSUL CAPE TOWN

AMCONSUL JOHANNESBURG

AMCONSUL DURBAN

C O N F I D E N T I A L PRETORIA 3835

E.O. 11652: GDS

TAGS: ENRG, SF

SUBJ: PETROLEUM SITUATION AND REACTION IN SOUTH AFRICA

SUMMARY. PETROLEUM PRODUCTS PRICE INCREASE LIKELY BE APPROVED BY SAG SHORTLY AS RESULT CRUDE PRICE INCREASES. SAG OFFICIALS ALSO REFLECT CONCERN FOR REPERCUSSIONS ARAB STATES' PRODUCTION CUTBACK ANNOUNCEMENTS, ALTHOUGH SA'S RESERVE STORAGE IN OLD COAL MINES IN OGIES AREA PROBABLY EXCEEDS SIX MONTHS REQUIREMENTS. END SUMMARY.

1. OIL COMPANIES OPERATING IN SOUTH AFRICA HAVE BEEN SEEKING GOVERNMENT APPROVAL FOR FURTHER PRICE INCREASE FOR PRODUCTS SINCE AUGUST. (INCREASES OF 2.8 SA CENTS PER GALLON (4 LITRES) OF GASOLINE WERE GRANTED IN TWO INCREMENTS APPROXIMATELY YEAR AGO.) SAG HAD EARLY RESISTED COMPANIES' ARGUMENTATION BUT RECENT MIDDLE EAST OIL DEVELOPMENTS NOW REGARDED AS MAKING INCREASE INEVITABLE. PRESS REPORTS, OBVIOUSLY BASED ON SAG SOURCES DESIRING TO PREPARE THE PUBLIC, SUGGEST INCREASE OF UP
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PRETOR 03835 240942Z

TO 5.4 SA CENTS (U.S. 8.1 CENTS) PER GALLON GASOLINE.

CABINET COMMITTEE WAS SCHEDULED MEET TUESDAY, OCTOBER 23 TO REVIEW PRICING QUESTION AND STATEMENT BY ECONOMIC MINISTER MULLER EXPECTED WEDNESDAY.

2. IN ADDITION TO POSTED PRICE INCREASE, SOUTH AFRICANS ARE DISTURBED BY ANNOUNCED ARAB PRODUCTION CUTBACKS, AND RESPONSIBLE OFFICIALS CONTACTED ON OTHER MATTERS HAVE SOUGHT ANY NEWS OF POSSIBLE APPLICATION ARAB STATES' STATED INTENTIONS AND RAMIFICATIONS FOR OTHER SOURCES. AT SAME TIME, SA OBVIOUSLY IN RELATIVELY GOOD RESERVE SUPPLY SITUATION. SAG GUARDS PETROLEUM STATISTICS AS SECURITY MATTER; HOWEVER, FOLLOWING IS ESTIMATE OF SITUATION AS DERIVED FROM VARIETY SOURCES.

3. SA REFINING CAPACITY CURRENTLY ESTIMATED 390,000-400,000 BPD. COMPANY SOURCE PUTS INTERNAL MARKET CURRENTLY AT 80 MILLION BBLs PER YEAR OR ABOUT 220,000 BPD (OF WHICH 43 PERCENT MOTOR GASOLINE); INTERNATIONAL BUNKERS RUN 90,000 BPD.

4. OVER THE YEARS, SAG HAS SOUGHT MAXIMIZE ABOVE GROUND TANK STORAGE COMPATIBLE WITH COMPANIES' OPERATIONS BUT MAJOR EFFORT HAS BEEN PUT INTO PREPARING SERIES COAL MINE UNDERGROUND PASSAGES IN OGIES AREA FOR CRUDE OIL STORAGE TO BE PUMPED FROM PIPE LINE FROM DURBAN TO RAND. MINES WERE SURVEYED AND SEALING WORK SUPERVISED BY FENIX AND SCISSON, INC. OF TULSA: FIRST STORAGE PUMPING BEGAN APPROXIMATELY TWO YEARS AGO AND BY NOW IS ESTIMATED AT WELL OVER SIX MONTHS CRUDE FEED STOCK, POSSIBLY MORE. (INTERESTINGLY ENOUGH, SAG OFFICIALS TOLD COMPANY OFFICIAL RECENTLY THAT RESERVES AMOUNT TO ABOUT 70 DAYS. UNABLE AT THIS TIME TO RECONCILE THIS WITH COAL MINE STORAGE; HOWEVER, 70 DAY FIGURE POSSIBLY INCLUDES ONLY TANK STORAGE.)

4. PRIME MINISTER VORSTER, IN OCTOBER 22 ADDRESS TO NAT PARTY CONSTITUENTS, REVEALED HE HAD ORDERED PRINTING GASOLINE RATIONING COUPONS BUT STRESSED THIS ONLY PRECAUTIONARY. HE ACKNOWLEDGED OIL PRODUCT PRICES MIGHT HAVE TO GO UP BUT GAVE ASSURANCE THAT SA IN EXCELLENT RESERVE SUPPLY SITUATION, ALLUDING TO CRUDE OIL STORAGE. HE NOTED ALSO SA'S RELATIVELY LOW RELIANCE ON PETROLEUM FOR ENERGY (26 PERCENT OF NEEDS),
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PRETOR 03835 240942Z

SASOL'S OIL FROM COAL PLANT (FOR WHICH EXPANSION PLANS JUST ANNOUNCED), AND STRENGTHENED RELATIONS WITH IRAN. HE ALSO CONCLUDED THERE NOTHING TO SUGGEST SA CURRENT SUPPLIED WOULD BE CUT OFF.

5. IRAN HAS BEEN PRINCIPAL SOURCE OF CRUDE FOR SOME TIME ALTHOUGH CARGOS FROM OTHER PERSIAN GULF SOURCES HAVE BEEN NOTED. IMPORT, GIVEN OGIES STORAGE PROGRAM, HAS BEEN IN

EXCESS CURRENT REQUIREMENTS FOR SOME TIME, PRESUMABLY GIVING
FAIR LATITUDE BEFORE DRAWING ON RESERVE STORAGE IF AVAIL-
ABILITIES ARE AFFECTED BY RECENT DEVELOPMENTS. IF CURRENT
DELIVERIES CRUDE ARE THREATENED, HOWEVER, SAG MIGHT WELL
CONSIDER RATIONING TO AVOID DEPLETING RESERVES IT HAS BUILT UP
AT CONSIDERABLE COST.
HURD

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTS, COAL, FUEL OIL, PRICE TRENDS, PETROLEUM RESERVES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PRETOR03835
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS HURD
Errors: N/A
Film Number: n/a
From: PRETORIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731014/aaaaakif.tel
Line Count: 122
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 11 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11-Jan-2002 by martinjw>; APPROVED <06 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM SITUATION AND REACTION IN SOUTH AFRICA SUMMARY. PETROLEUM PRODUCTS PRICE INCREASE LIKELY BE
APPROVED
TAGS: ENRG, SF
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005